FUND-RAISING FUNCTIONS

UNDER ELECTION FINANCES LAW OF ONTARIO

Ontario

Prepared by the
Commission on Election
Contributions and Expenses

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FUND-RAISING

FUNCTIONS

UNDER

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OF ONTARIO

Introduction:

Organizing and reporting on political fund-raising functions is a major problem for everyone involved.

Organizing an event requires consideration of contribution limits, accounting and reporting. We have included a special section for organizers.

Selling tickets to a fund-raising dinner involves more than just salesmanship. We have included a special section for ticket sellers.

Everyone else involved in a candidate's campaign or in a constituency association or political party should know the special nature of political fund-raising in Ontario.

Sections, subsections and clauses quoted in this pamphlet refer to the Election Finances Reform Act of Ontario, and the provisions of the Act are the final authority.

Better accounting should be mutually beneficial. For chief financial officers, auditors, associations and candidates, it can mean quicker issue of subsidy cheques, no forfeiture of untraceable funds, no contraventions of the Act and decks cleared for the next unexpected political event. For the Commission, it will mean more efficient examination and approval of filings, less staff work and correspondence.

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DEFINITION:

A "fund-raising function" includes suppers, dances, garden parties and any other special function held for the purpose of raising funds for the registered political party, constituency association or candidate by whom or on whose behalf the function is held. Subsection 24(1).

The significance of a fund-raising function is that defined portions of the admission charge are declared to be a contribution to the sponsoring organization.

An event such as a dinner and a dance for which either there is no admission charge or the ticket price is to cover the expense only is not considered a fund-raising function, even though some profits may be realized from the sale of refreshments or similar activity.

Where two or more constituency associations or candidates hold a joint fund-raising function, reference should be made to the special section of this pamphlet.

FINANCES:

The chief financial officer must receive and deposit the proceeds from all ticket sales and other revenues, issue official receipts for the contribution part of ticket sales, make all payments and report to

the Commission full details of each fund-raising function.

Special committees running an event must not by-pass the C.F.O. Chaos is often created at reporting time, approval of returns is delayed, untraced funds are forfeited to the Commission and thus lost to the fund-raising effort.

The C.F.O. is the person responsible to the Commission for verifying that the duties of the organizer and ticket seller, as detailed on the following pages, are carried out.

DUTIES OF THE ORGANIZER:

1. First establish the "per person" charge for the event, how much will be considered a contribution and how much will be considered an expense. The following should be taken into account:

(a) The charge may be considered entirely a contribution. The contributor gets an official tax credit receipt for the full price.

(b) Where the "per person" charge is $20 or less, it may be considered entirely an expense, entirely a contribution or any combination of contribution and expense.

(c) Where the charge is over $20, but under $50, any amount

from zero to one half may be considered an expense. The remainder is a contribution.

(d) Where the charge is $50 or more, any amount from zero to $25 may be considered an expense. The remainder is a contribution.

(e) Examples of ticket price allocation are given at the end of this pamphlet.

2. Have tickets printed for the event that are prenumbered, and designate one person to control ticket distribution to ticket sellers and the return of unused tickets and proceeds from tickets sold.

3. Establish a formal record-listing document for completion by ticket sellers of the tickets sold by them to include full name and address of purchasers.

4. Turn over all cheques and ticket sale listings to the chief financial officer for depositing in the bank account registered with the Commission. Note that the date of deposit is considered the date the contribution is received.

5. After approval by the event organizers, all invoices received for expenses related to the event should be turned over to the chief financial officer for payment and recording.

DUTIES OF TICKET SELLERS:

1. Accept only a cheque or money order signed by the purchaser in payment for tickets unless the contribution portion of the ticket is $10 or less. Subsections 17(2) and 24(3).

2. Do not sell tickets to a purchaser in a quantity where the total of the contribution portion exceeds the contribution limit. See "Contribution Limits" on page 10.

3. Where a purchaser buys tickets for a "table" or makes a substantial purchase, verify that this will not, when combined with other contributions, exceed the contribution limit listed on page 10.

4. Non-residents of Ontario cannot make contributions, and thus cannot purchase tickets. This includes corporations which do not carry on business in Ontario and trade unions that do not hold bargaining rights for employees in Ontario. Clause 30(1)(a).

5. Only persons, corporations and trade unions as defined may make contributions. Therefore purchases of tickets by business organizations that are not limited companies must be recorded as to the amount attributed to the individuals forming the organization with

full name and address. Where cheques from a business organization do not have the words "Limited", "Corporation" or "Incorporated" or their abbreviations in its name, you should question the ticket purchaser about the status of his organization. Section 27.

6. Tickets may not be sold to a federal party or the federal branch of any constituency association where any part of the ticket price is considered a contribution . Section 21.

7. Two or more corporations which are legally associated with each other are deemed to be one corporation. Therefore, where more cheques than one are obtained from the same office or person, with the same mailing address, or are signed by the same officers, determine that the corporations are not associated. Simply asking a responsible officer is generally sufficient.

8. Anonymous contributions cannot be accepted. Every purchaser of a ticket must be clearly identified by a name and address in your listing of tickets sold.

9. Only individuals who have an income requiring Ontario tax to be paid will benefit from the tax credit receipt for political contributions. Some young people and seniors may not qualify.

CONTRIBUTIONS OTHER THAN MONEY:

A fundraising function involves the joint efforts of a number of people who provide time, services and supplies to the success of the event. The Act specifies which of the goods and services are contributions, for which receipts shall be given, and which are not.

1. Voluntary unpaid labour for a political party, constituency association or candidate does not constitute a contribution; nor do goods voluntarily produced by such labour. Clause 1(1)(g).

2. Subject to (1) above, the provision of goods and services having a value of more than $100 is a contribution.

(a) Food, beverages, flowers, lumber and the labour of tradesmen are examples of such goods and services. These would otherwise be purchased at retail.

(b) The $100 contribution figure is the sum total of all goods and services provided during a calendar year; or in the case of an election, during a campaign period.

3. Value is defined in section 22 of the Act. In general terms, it means the lowest

amount charged for the same goods at retail, at that time, in that area.

4. Where goods and services are received that must be considered a contribution, obtain an invoice from the individual who supplied the goods or services and turn these invoices over to the chief financial officer for an official receipt and for recording and reporting purposes of the Commission.

JOINT FUND-RAISING FUNCTIONS:

These are difficult to manage and we are commenting in full. A joint fund-raising event is one in which several political organizations are to be involved in the planning and running of an event, the selling of admission tickets and sharing the net profits.

Such events usually involve political organizations that are registered with the Commission under the Act, but in some instances other provincial party organizations such as district organizations, youth groups or womens groups wish to participate, which they may do.

While a Federal political party organization may wish to be involved, there is a strict limitation on the flow of funds between provincial political organizations and the Federal

Party. Special guidance should be sought from the Commission in this regard.

Joint fund-raising functions by provincial political organizations fall into two categories as follows:

1. Events in which more than one political organization registered with the Commission are to record and report their proportionate shares of the financial activity related to the event and each is to issue an official receipt for the contribution part of each ticket it sells to the event.

The holding of such an event requires co-ordination and control to ensure that the contribution portion of each ticket sold is identical for each organization, that only one receipt is issued for each ticket sold, and that financial transactions are audited for Commission reporting requirements.

To accomplish this, the organizers of the event should consider the following:

(i) Appoint the C.F.O. of one of the registered political organizations as "Treasurer" for the event and require him to register with the Commission the bank account into which the proceeds are to be deposited and from which the suppliers' accounts are to be paid, as an account of his registered organization.

(ii) Ensure that each chief financial officer knows how much of the admission ticket price is to be considered a contribution for which he must issue an official receipt.

(iii) Have all ticket sale proceeds by every organization involved turned over to the treasurer for deposit and he will in addition deposit other sundry revenue (e.g. refreshment sales) into the same account.

(iv) After he has paid all of the expenses of the event, the treasurer should prepare a statement of income and expense and profit allocation, subsequent to which he should forward a copy to the C.F.O. of each of the registered political organizations involved along with a cheque for their share of the profit from the event.

(v) Each registered political organization should append a copy of the treasurer's statement to the audited return filed with the Commission, and the treasurer (see (i) above) will have his accounting for the event audited by the auditor of his registered political organization.

2. Events in which both registered and non-registered provincial organizations are to be involved in the selling of tickets and the sharing of profits.

One organization registered with the Commission must receive and expend all funds, record and report all of the financial activity and issue all receipts for the contribution part of the ticket sales. It may pay out to the non-registered organization a portion of the profit from the event.

Organizations involved in ticket sales should be aware of the ticket sellers responsibilities as outlined in the section of this brochure entitled "Duties of Ticket Sellers".

CONTRIBUTION LIMITS:

The following are the maximum amounts that a person, a corporation or a trade union may contribute to a registered party, a constituency association and a candidate during the periods shown. In arriving at the maximum, the "Contribution" portion of a fund-raising function is included.

(a) in a non-election year

- $2,000 to a Party
- $500 to a constituency association, not exceeding $2000 to any number of constituency associations.

(b) in an election year and following the call of the election in addition to the contributions in (a)

- an additional $2,000 to a Party
- $500 to a candidate's campaign subsequent to his registration with the Commission, not exceeding $2000 to any number of candidates.

(c) The foregoing limits apply to any one political party. Equivalent amounts may be contributed to other registered parties.

MISCELLANEOUS REVENUE:

Revenue from parking, refreshments sold, games, auctions or similar events at a fund-raising function must be reported as income, and provided the income is not derived by an inflated pricing of the articles sold there is no contribution element to be considered for reporting and recording purposes of the Commission.

Auctions can cause some problems. A person who donates free of charge an article or articles worth more than $100 will be making a contribution. (See section Contributions Other Than Money).

Also, a person who pays more than the goods are really worth may be making a contribution. The organizers of the auction must be prepared to identify the purchasers of any item which has been sold for a price which greatly exceeds its normal retail value.

With the exception of these two special situations, the proceeds from an auction are simply turned over to the chief financial officer for recording and Commission reporting requirements. Also, any invoices for the goods purchased for auction purposes are to be turned over to him.

UNREGISTERED POLITICAL ORGANIZATIONS:

A registered political party, in addition to being supported by its constituency associations and its candidates during a campaign period, may be supported by various other politically active groups such as area organizations, community groups and women's or youth organizations.

The Act does not prohibit or limit the activity of these organizations, financial or otherwise, but of course they cannot issue official receipts for any contributions they may receive. However, to the extent that they wish to financially support the party, its constituency associations or its candidates, they must be considered unincorporated associations. (See Duties of Ticket Sellers - item 5).

On those occasions where a party or a constituency association may wish to provide financial assistance to such

organizations as part of the provincial party structure it may do so, since there is no limitation, other than for campaign advertising, as to how a party or constituency association may spend its money.

There is, of course, no Commission reporting requirement for the financial activity of unregistered political organizations.

DISCLOSURE OF SPONSOR:

The name of the registered candidate, constituency association or party which will receive the contribution portion of the ticket price, or any of the proceeds, must be clearly disclosed in the material issued for a fund-raising function. This also applies to any solicitation for contributions.

EXAMPLES OF TICKET PRICE ALLOCATION BETWEEN CONTRIBUTION & EXPENSE

Per person Ticket Price	Maximum allocation as contribution	Minimum allocation as contribution
$ 10	$ 10	$ nil
20	20	nil
25	25	12.50
40	40	20
50	50	25
75	75	50
100	100	75
250	250	225
500	500	475

Note 1. The portion of the ticket price not allocated as a contribution is allocated for expenses.

Note 2. The word "allowed" found in subsection 24(3) of the Act has been interpreted by the Commission as meaning "permitted."

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Suite 800, Britannica House,
151 Bloor Street, West,
Toronto, Ontario
M5S 1S4

Telephone (416) 965-0455